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## CENTRAL

# INTELLIGENCE

### BULLETIN



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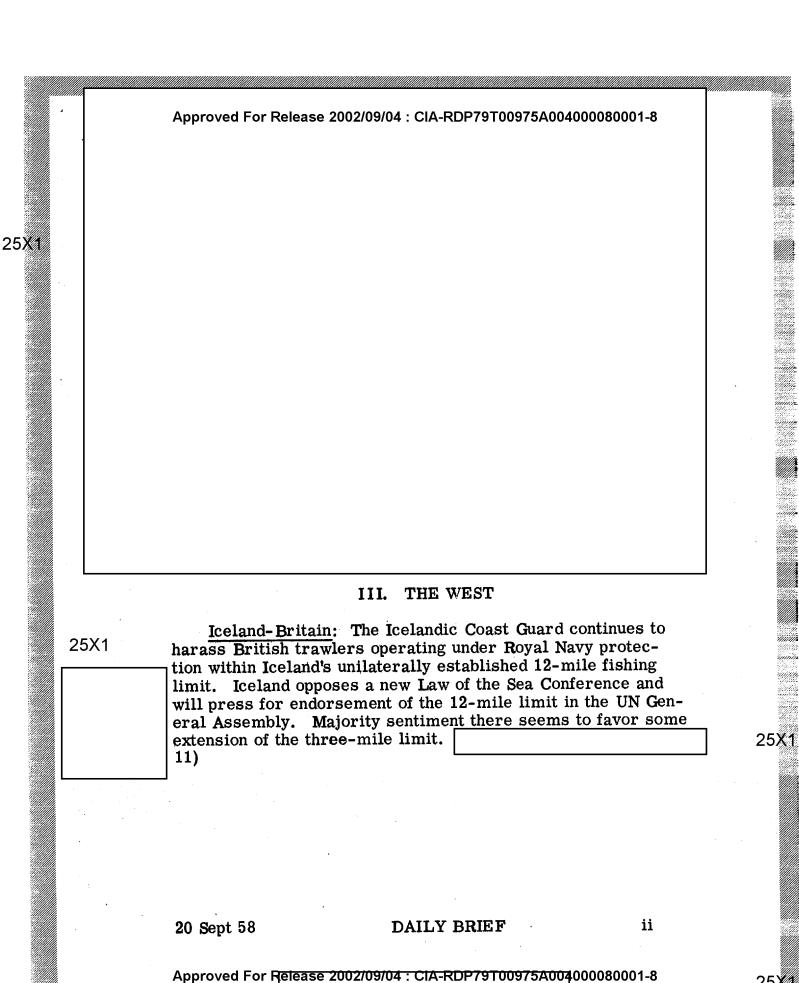
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### I. THE COMMUNIST BLOC

### Khrushchev Letter on Taiwan Strait Crisis

Premier Khrushchev's reply on 19 September to President Eisenhower's letter of 12 September, placing the USSR firmly on record as 'fully supporting' Communist China, is apparently intended to create the impression that American accommodation to the Chinese Communist position provides the only alternative to major hostilities. The Soviet premier recalled his earlier warning that "an attack on the Chinese Peoples' Republic...is an attack on the Soviet Union" and, explicitly referring to the Sino-Soviet mutual defense treaty, added: "may no one doubt that we shall completely honor our commitments."

He called on the United States to withdraw its forces from the area, including Taiwan, and warned that if such action is not taken, Communist China "will have no other recourse but to expel the hostile armed forces from its own territory...."

The bloc leaders' confidence that they are in a strong position to extract maximum political advantage from the present crisis is reflected in Khrushchev's statement that "the international balance of forces has changed radically" in favor of the Communist bloc.

The clear restatement of Soviet support for Peiping and the threat that any American attack on the mainland with nuclear weapons would bring retaliation "by the same means" are intended to discourage an expansion of US military support of Nationalist forces. This, together with the unusually harsh tone of the letter and the assertion that a war with China would "spark off the conflagration of a world war," is an allout effort by Moscow to stimulate world-wide apprehension of the imminimate of major hostilities.

| <b>K</b> hrushc | hev's letter is | s calculated | l to bring inc | reased pres- |
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| sure on the     | United States   | s to make    | concessions    | to Chinese   |
|                 |                 |              |                |              |

Communist demands, in view of the apparent failure thus far of the Sino-American ambassadorial talks in Warsaw, and to prepare the way for further Communist political initiatives.

Khrushchev's strong demand that Communist China be seated in the United Nations and the recent emphasis in Soviet propaganda that the Taiwan crisis is the most urgent problem facing the present UN General Assembly session suggest that Moscow will press for full-scale debate on US policy and actions in the Far East. Bloc leaders are probably confident that their charges that US 'provocations' and military measures in the area are responsible for the tension, and that the relative restraint exercised by the Chinese Communists in their military operations against the offshore islands to date have attracted considerable sympathy for Peiping's position.

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### THE WEST III.

### Iceland-UK Fisheries Dispute

The Icelandic Coast Guard continues to harass British fishing trawlers operating under Royal Navy protection within the 12-mile fishing limit unilaterally established by Iceland on 1 September. Icelandic resentment remains high, and the Communist press is seeking to channel the widespread anger at the British against NATO and the United States by stressing that Iceland's allies are doing nothing to protect "defenseless nations."

Iceland intends to bring the matter before the present session of the UN General Assembly. It does not want to have the problem further discussed in another Law of the Sea Conference like last spring's, but wants the issue decided by the General Assembly, where a majority favors some extension of the traditional three-mile limit.

Britain and Denmark have reached an interim understanding regarding the demand of the Faeroe Islands for a 12-mile fishing limit. By this compromise the inner six miles would be closed to foreign trawlers, but the outer six would be open, subject to certain limitations. Iceland, however, has adamantly rejected any such solution.

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